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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 26, 2016

CERTIFIED RETURN RECEIPT

9590 9401 0163 5234 6671 87

John Bleazard
P.O. Box 933
Grantsville, Utah 84029

Subject: Review of Reclamation Surety, John Bleazard, Island Rock 1 Mine, S/045/0066, Tooele County, Utah

Dear Mr. Bleazard:

The last reclamation cost estimate for the Island Rock 1 mine was done in 2003 and escalated to 2008 dollars with a bond escalation date of October 13, 2008. As such, the surety amount needs to be adjusted to account for changes in reclamation costs.

Based on average reclamation costs, the surety amount needs to be increased from \$2,500 to \$8,000 or \$8,200 for an escalation period of three or five years respectively. The average reclamation costs are outlined below:

<i>Small Mine Operation (1-5 acres) Bond Calculation Worksheet</i>			
<i>Island Rock 1 Mine S/045/0066</i>			
<i>3-year escalation (2019)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,000.00	\$8,000.00
Add'l Acres Disturbance	0	\$5,000.00	\$0.00
General Mob/demob >50 miles	0	\$0.00	\$0.00
TOTAL	1 Ac		\$8,000.00
<i>5-year escalation (2021)</i>			
<u>Item</u>	<u>Qty</u>	<u>Unit Cost</u>	<u>Total Cost</u>
1st Acre Disturbance	1	\$8,200.00	\$8,200.00
Add'l Acres Disturbance	0	\$5,100.00	\$0.00
General Mob/demob >50 miles	0	\$0.00	\$0.00
TOTAL	1 Ac		\$8,200.00

John Bleazard
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Please contact the minerals program bond coordinator, Penny Berry, at 801-538-5291 or by email at pennyberry@utah.gov for information about submitting the additional surety. Your current surety is in the form of a cash deposit. Please increase the cash amount or submit payment in a different form, such as a certificate of deposit, a letter of credit, or a surety bond. Bonding forms are available on the Internet at www.ogm.utah.gov.

Please provide the additional surety no later than May 17, 2016.

In addition, the Division of Oil, Gas and Mining was recently informed by the State Treasurer that operators posting cash sureties must complete the appropriate tax document to report interest earned. These forms are typically a W9 (companies within the United States) or a W8 (international companies). Since the Island Rock 1 Mine has a cash surety, the Division needs to receive this form from you.

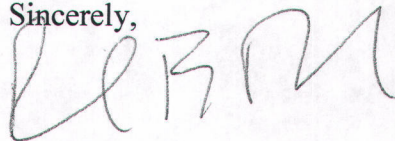
The forms can be found at <http://www.irs.gov/Forms-&-Pubs>. Keep in mind that the Division *should not* be considered a tax advisor. If you have questions regarding the information you should provide on any tax forms, please seek help from a tax expert. However, the Division encourages each operator to fully complete all sections of the tax forms. Failure to do so will result in the Division returning the form because the State Treasury will not accept it.

Please note that noncompliance with this request to submit the W9 form will force the Division to take one or more of the following actions:

- Delayed approval or denial of bond release request
- Denied approval on new Notice of Intention submittals
- Enforcement action due to insufficient surety

Thank you for your help in keeping the surety current. Please contact the permit lead for this mine, Leslie Heppler, at 801-538-5257 if you have questions concerning this requirement.

Sincerely,



Paul B. Baker
Mining Program Manager